GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:192
ANSWERED ON:26.07.2002
MONTHLY INCOME PLAN, 1995 OF UTI
GADDE RAMAMOHAN;M.V.V.S MURTHI

Will the Minister of FINANCE be pleased to state:

(a) whether the Unit Trust of India has decided not to protect the principal of investors in its monthly income plan, 1995 and other such schemes;

(b) if so, the details thereof alongwith the reasons for the same;

(c) the steps taken by the Government to boost investors` confidence in UTI;

(d) the details of the funds spent by UTI in advertisementand on foreign tours of its officials during each of the last three years;

(e) whether some irregularities have been found in this regard;

(f) if so, whether the Government have any proposal to transfer this case to CBI for proper investigation; and

(g) if so, the details thereof?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS IN THE MINISTRY OF FINANCE (SHRI JASWANT SINGH)

(a) to (g) A Statement is placed on the Table of the House.

Statement referred to in reply to Lok Sabha Starred QuestionNo.192 for 26.07.2002 by Shri Ram Mohan Gadde and Dr. M.V.V.S. Murthi regarding Monthly Income Plan, 1995 of UTI.

(a) & (b): According to the Unit Trust of India (UTI), under the Monthly Income Plan 1995 (MIP 95) which matured on 30th June, 2002 the principal on maturity was not assured and the dividend was to be reset every year. However, UTI has informed that there are 14 other MIP schemes in operation which assure the protection of principal on maturity. The details of these schemes are at Annex-I.

(c): Government has already announced a financial package to protect the interest of investors of Unit Scheme 64 (US-64) vide its Press Release issued on 28.12.01. Further, Government has extended a guarantee for Rs.1000 crores to UTI against the assets and cash inflows to the Development Reserve Fund to honour the commitment to the investors in MIP schemes matured inJune, 2002 and a MIP scheme maturing in August 2002. UTI has also been asked to implement time-boundreforms based on the recommendations of the different Expert Committees.

(d): The details of funds spent by UTI on advertisementsand on foreign tours of its officials during the last three years are given in Annex-II and III respectively.

(e), (f) and (g): No case has been entrusted to the Central Bureau of Investigation (CBI) for regularinvestigation regarding any irregularities either on account of advertisements or foreign tours of officials of the UTI.

ANNEX I

Annex I referred to in reply to part (a) and (b) of Lok SabhaStarred Question No.192 for 26.07.2002 by Shri Ram Mohan Gadde and Dr. M.V.V.S. Murthi regarding Monthly Income Plan, 1995 of UTI.

I. Schemes for which both the principal at maturity and annual dividend are assured

1. MIP 1997(III)

2. MIP 1997(IV)

3. MIP 1997(V)

4. MIP 1998(I)

5. MIP 1998(II)
6. MIP 1998(III)

7 MIP 1998(IV)

8. MIP 1998(V)

9. MIP 1999(I)

II. Schemes for which only the principal at maturity is assured - Dividend to be reset annually

10. MIP 1999(II)
11. MIP 2000(I)
12. MIP 2000(II)
13. MIP 2000(III)
14. MIP 2001

ANNEX-II

Annex-II referred to in reply to Part (d) Lok Sabha Starred Question No.192 for 26.07.2002 by Shri Ram Mohan Gadde and Dr M.V.V.S. Murthi regarding Monthly Income Plan, 1995 of UTI.

Publicity Expenses incurred by the Domestic Scheme of UTI.

(Rs. In lakhs)

	Accounting Year (July-June)		
	1999-2000	2000-01	2001-02 (Provisional)
Publicity Expenses	3611.19	2611.54	1673.28
(All schemes)			
Common Publicity	780.01	1229.27	1082.11
Total Publicity Expenses	4391.20	3840.81	2755.39

Annex III referred to in reply to Part (d) Lok Sabha Starred Question No.192 for 26.07.2002 by Shri Ram Mohan Gadde and Dr M.V.V.S. Murthi regarding Monthly Income Plan, 1995 of UTI.

Expenditure incurred on foreign tours of UTI Officials@

Year	Amount (Rs.)

July 1, 1999 - June 30, 2000	99,89,419.00
July 1, 2000 - June 30, 2001	90,37,902.00
July 1, 2001 - June 30, 2002	59,63,117.00

@ includes expenditure incurred for visits of officials to attend the meeting abroad of the Board of Directors of off-shore funds. UTI receives management fees from off-shore funds.